

Preview of 2025 Tax Credit Report

House Interim Committee on Revenue – 5/29/2024

State of Oregon

LEGISLATIVE REVENUE OFFICE





Overview of Presentation

- Refresher on tax credit review process and accompanying report
- List of tax credits and sunset dates
- Tax credits up for review in 2025
 - Overview of credit
 - Recent cost of credit
 - Areas of report expansion





Tax Credit Review Process

- Biennial review of personal income tax and corporate income tax credits scheduled to sunset in upcoming biennium
- LRO prepares a report accompanying biennial review process (ORS 315.051)
- Credit reviews facilitated by individual credit legislation extending sunset by 6-years (Senate & House chambers)





Tax Credits by Sunset Date (28 total)

4	9	2	11	2
2026	2028	2029	2030	2032
Certain Retirement Inc. Crop Donations Earned Income Manuf. Park Closure	Cultural Trust Disabled Child OLHIGA Political Contributions Rural Medical Providers Severe Disability Vet's Home Physicians Volunteer Rural EMTs Working Family Dep. Care	Ag. Worker Overtime OR Child Tax Credit	529 ABLE Contributions 529 Educ. Contributions Employer Scholarships Film/Video Fish Screening IDA Contributions R&D Semiconductors Reservation Enterprise Zone Retention Pub. Supp. Housing Short Line Railroad Univ. Venture Development	Affordable Housing Lenders Ag. Workforce Housing





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All four were last reviewed in 2019



Oregon's Earned Income Tax Credit





Oregon's Earned Income Tax Credit

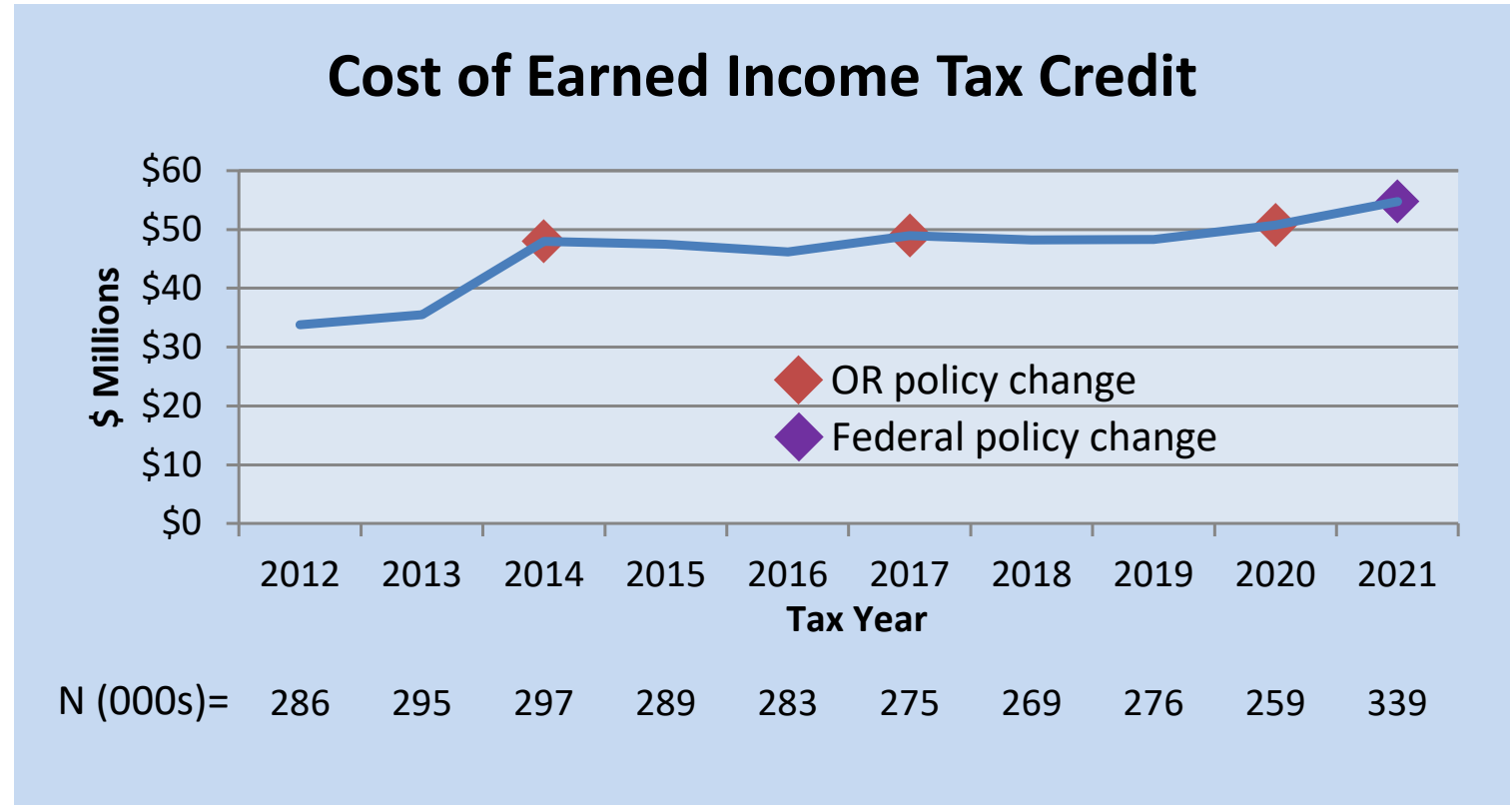
- Overview
 - Oregon's EITC
 - 9% of federal EITC amount,
 - 12% if youngest child under 3 at close of tax year
 - Generally, part of annual federal reconnect legislation
 - OR added ITIN (individual taxpayer identification number) to EITC qualification beginning tax year 2022 (enacted by HB 2433 of 2021)





Oregon's EITC – Historical Cost

- OR Changes in 2014, 2017, 2020, increased OR credit percentage(s)
- 2021 Federal change: one-year increase in “childless” EITC amount



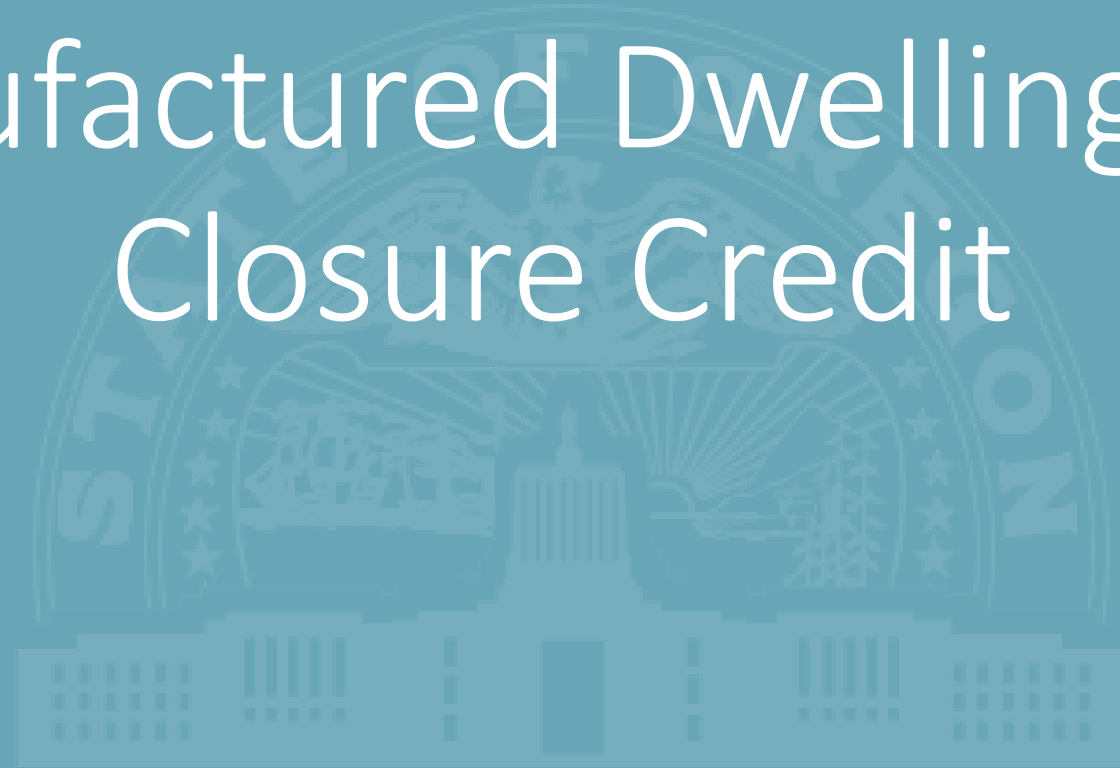


EITC – 2025 Tax Credit Report Updates

- Credit last reviewed in 2019
- Review / examination of intervening changes
 - ITIN EITC expansion
- Update / expansion of existing report material
 - Value of Oregon's EITC and interaction with after tax income
- EITC administration
 - Participation (i.e., EITC take-up)
 - Taxpayer compliance



Manufactured Dwelling Park Closure Credit





Manufactured Dwelling Park Closure

- Overview

- Refundable tax credit= \$5,000
- Available to taxpayers that meets all of following:
 - Owned manufactured dwelling & rented space in manuf. dwelling park that is closed during tax year
 - Occupied as principal residence
 - Received closure notice from landlord that park was closing
 - Moved out of park because of park closure notice



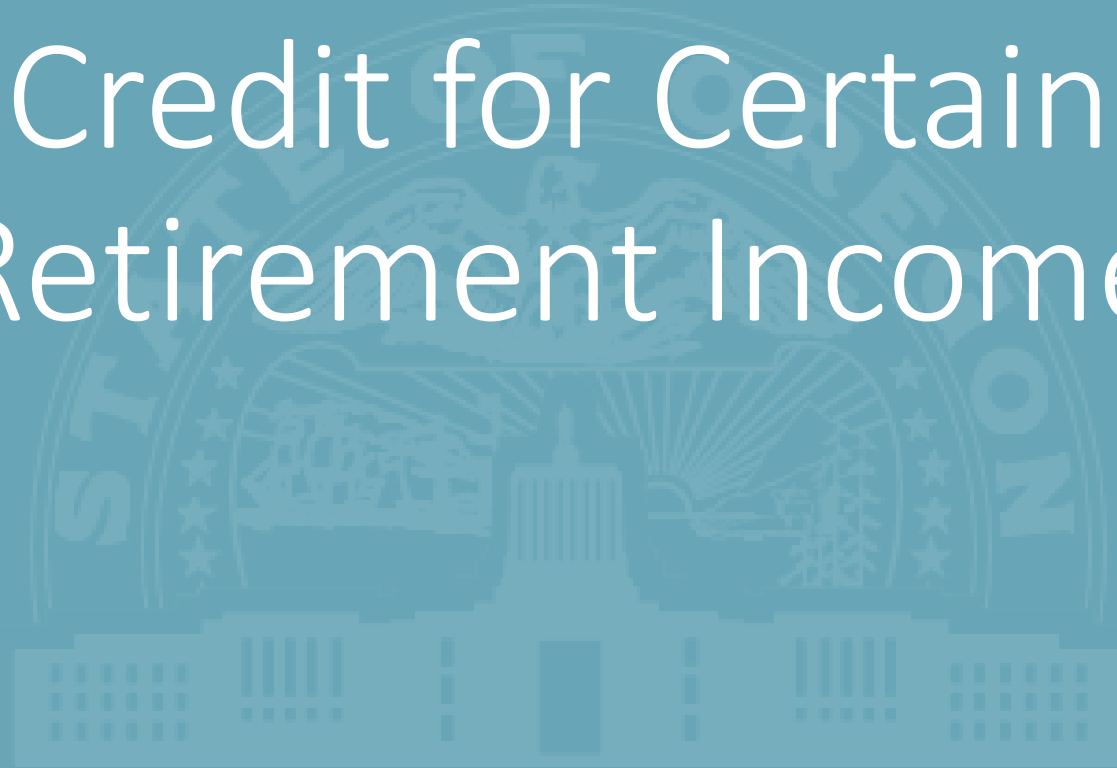


Manufactured Dwelling Park Closure

- Little to no use of credit in recent years
- Report updates
 - Review of mobile home park closures
 - Manufactured park closure payments and associated tax subtraction



Credit for Certain Retirement Income

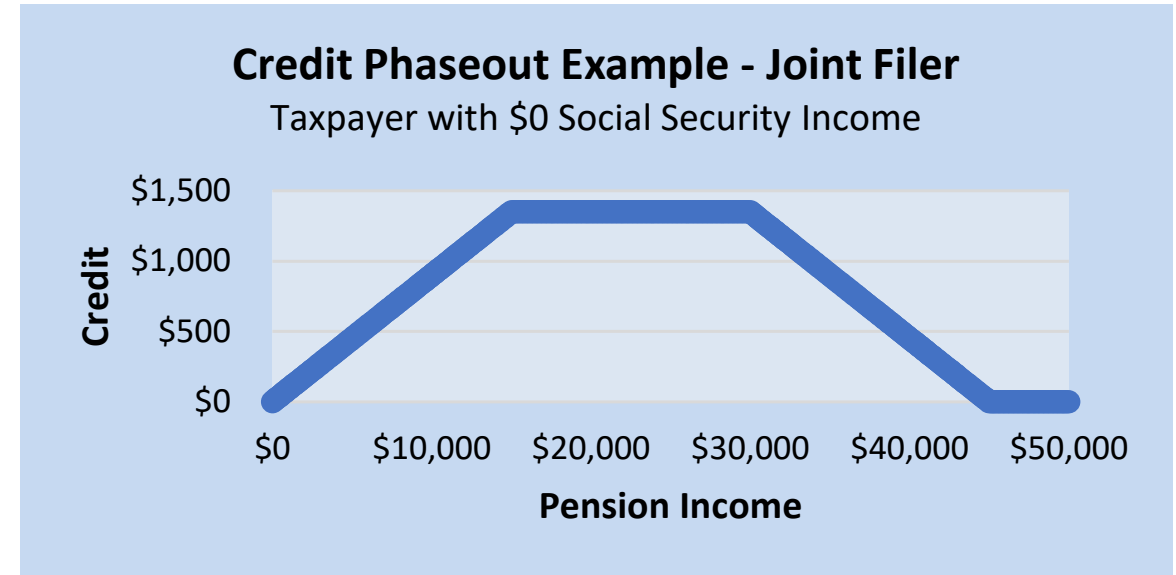




Certain Retirement Income

- **Overview**

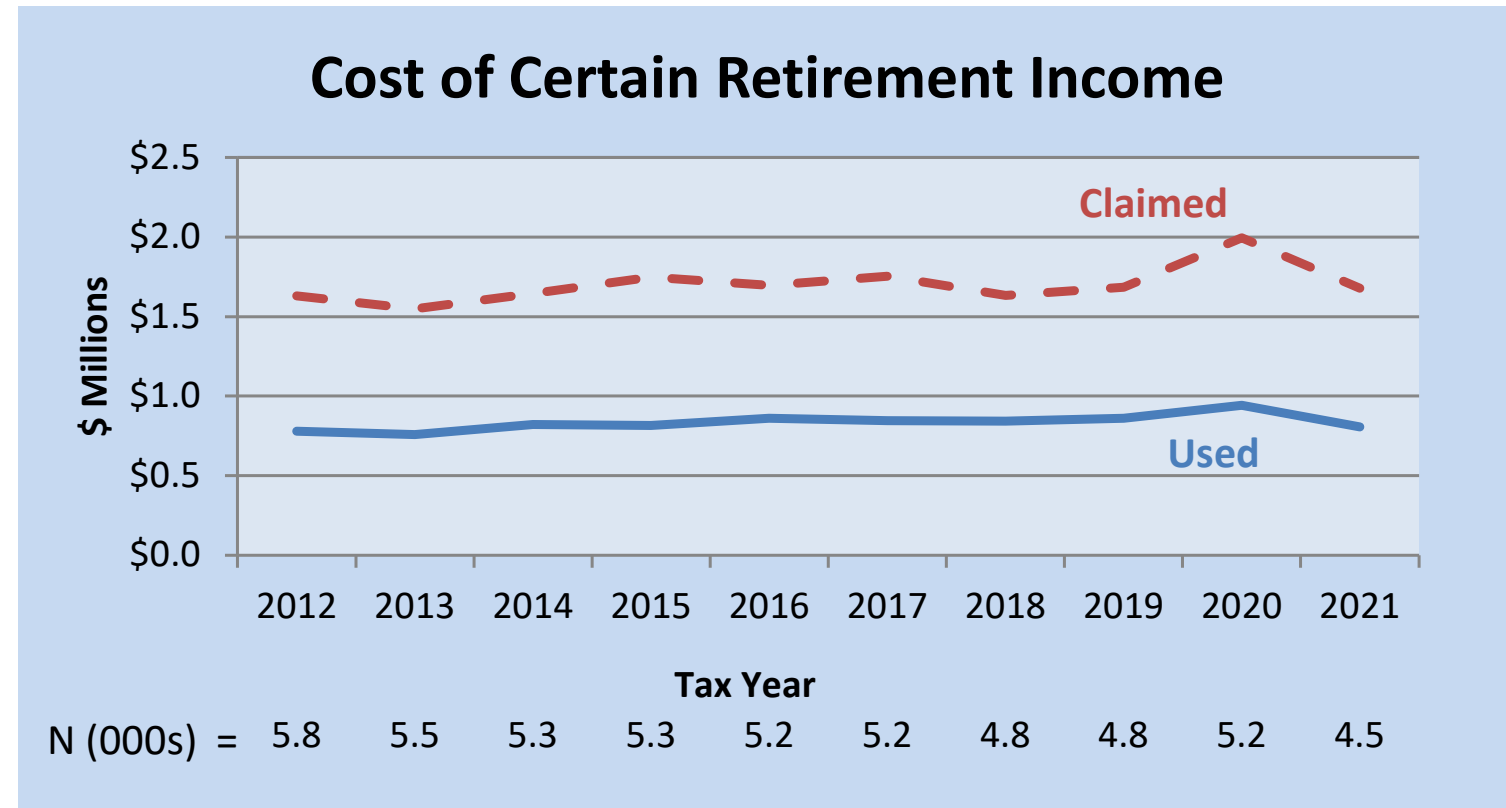
- Taxpayers 62 or older with certain retirement income
- Credit = 9% of qualified net pension income
- Limited pension income applied to credit
- Credit phases out as income increases and/or from Social Security benefits
- Limits are not indexed to inflation



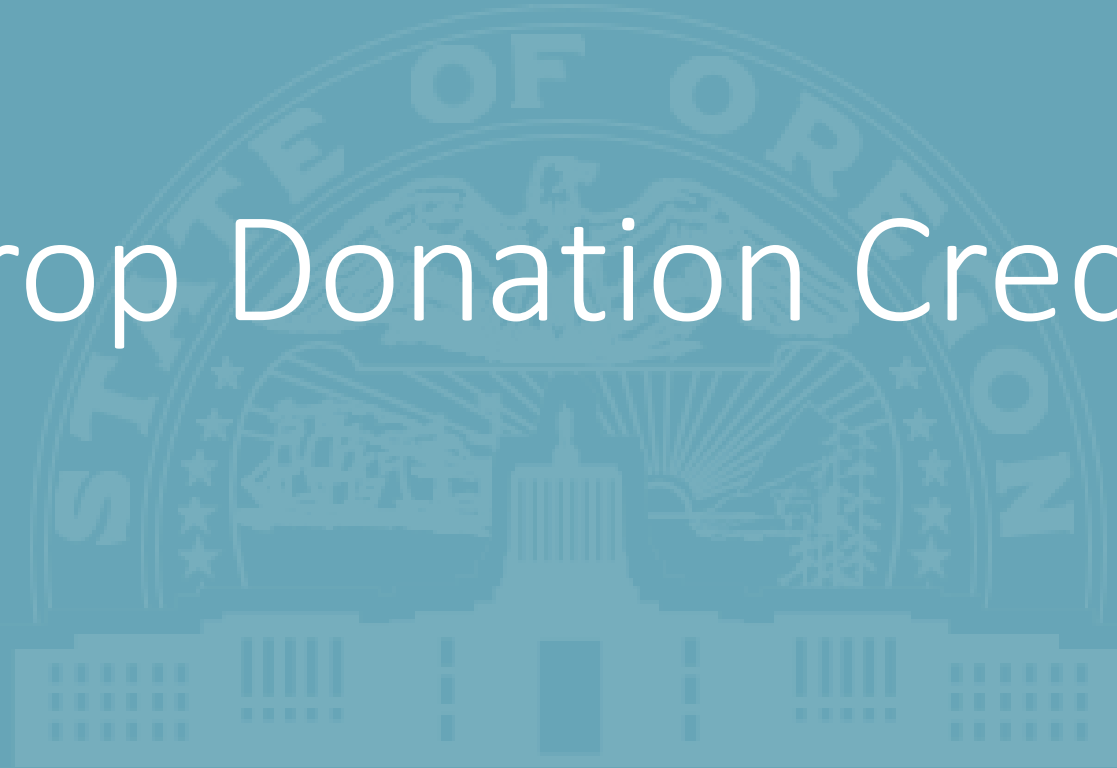


Certain Retirement Income

- Report updates
 - Discussion of inflationary changes hastening qualification changes since 2019 review



Crop Donation Credit





Crop Donations

- Overview

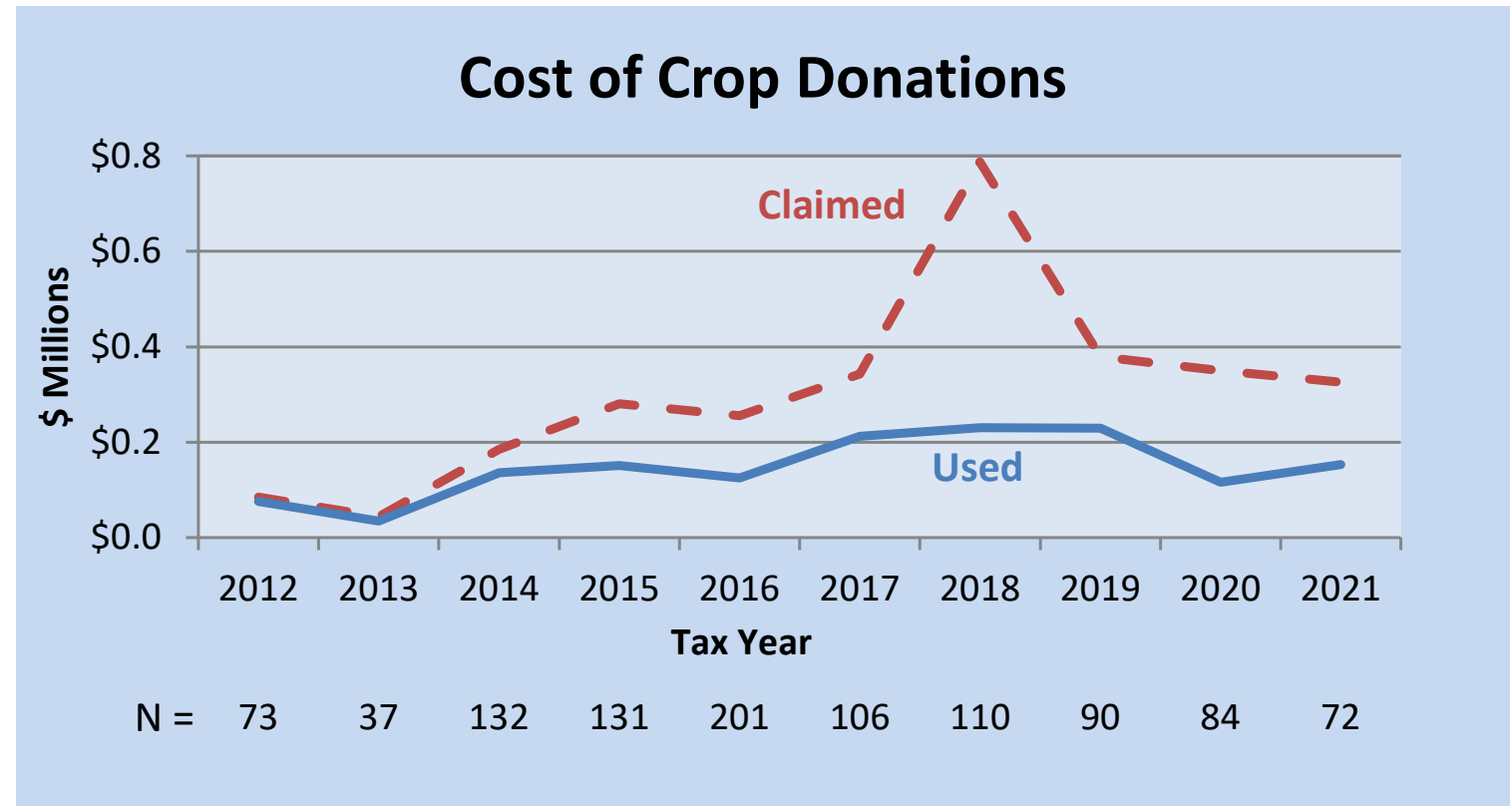
- Credit for crop growers that make a qualified donation to a tax-exempt food bank, charitable organization or gleaning cooperative that distributes food without charge
- *Qualified donation* means harvest, or post-harvest contribution in Oregon of crop grown primarily to be sold for cash
- Credit= 15% of wholesale value of crop donated





Crop Donations

- Report Updates
 - Expand discussion of interaction with federal deduction
 - Expanded discussion of food donations



Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

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